

Housewares at the Big 3
Photo: SLRs bouncing back?

GENERAL MERC'

PENDS

*After the golden
parachute:*

Executives in transition

**Phil Kelly goes from
Field's to Mallards**





Home offices grow by at least 9%, attracting young professionals 108

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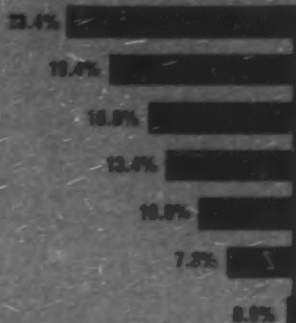
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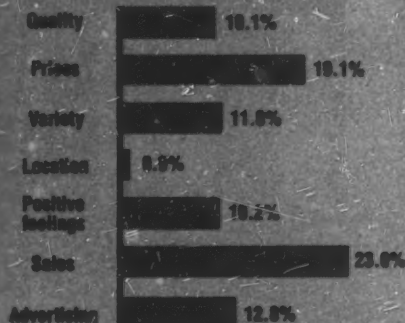
Customers prefer quality to sales

Are ad targets off center?

Why Shoppers select a Store



What Stores advertise



Source: TracABC

Quality is the most desired attribute a store can offer, say customers, but too often all shoppers hear are the shouts of "sale, sale, sale."

That's one of the findings of a survey of 4,000 apparel shoppers conducted by TracABC, a research facility of ABC-TV owned stations.

Asked why they choose a store, the largest number, 23.4%, said "quality." "Sales" came in at just 7.3%.

But when asked to recall what stores advertise, the largest group, 23%, said "sales." Just 10.1% said stores advertised "quality."

Clearly, store ads are emphasizing sales too often. In today's highly promotional times, shoppers know stores have sales. And while price is important to them, more important is price/value and quality. Ad dollars may be better spent on institutional ads.

ALCO expands, Hornsby's fades

ALCO Discount Stores expects to add 15 new stores in 1985 and will expand into north central Illinois as the result of an agreement with Pubco to lease nine of its Hornsby's sites.

The new stores will bring ALCO's total to 141, serving the Midwest, the Central States, the Southwest and the Southeast. An ALCO spokesman explained that the entry into the Illinois market will work well for the company because the nine new stores are within the chain's service area.

The fact that the nine stores were made available to ALCO marks a change in direction for the new owner of Hornsby's chain, Pubco. Pubco, a holding company with three printing subsidiaries, recently acquired all 14 Hornsby's Stores with the announced intention of diversify-

ing its holdings into the retail market. Pubco planned to extend the stores' market by moving into catalog merchandising. Pubco expected to print the catalogs.

An ALCO spokesman said the chain was talking to Hornsby's about the nine-store lease last summer when Pubco entered the picture.

More greenbacks from the greenbelt

Zayre may be one of the best discounters at merchandising stores in urban ethnic areas, but the chain has been unable to pump what it considers satisfactory volume out of many of its rural and suburban units, which it has dubbed "greenbelt" stores.

The chain's urban stores, numbering about 60, have been productive largely because of their ability to successfully sell moder-

ately priced fashion apparel. By contrast, the greenbelt stores have met stiff apparel competition from department stores and upscale discounters in regional malls and strip centers.

But Zayre is now at work re-tailoring the mix in its greenbelt stores, targeting hard goods and certain apparel categories where the chain feels opportunities lie.

"Instead of battling the competition in men's and women's apparel—a battle we'd probably never win—we feel we can do a better job in children's wear," says Malcolm Sherman, president of Zayre's discount store division.

Other areas getting more attention in the greenbelt stores include home furnishings, housewares and hardware.

Despite this retailing program Zayre still feels it is best to expand by going into the type of locations where it already does well. And so, of the 20 new stores the chain wants to open this year, most will be in urban ethnic markets.

Herman's tries off-price biz

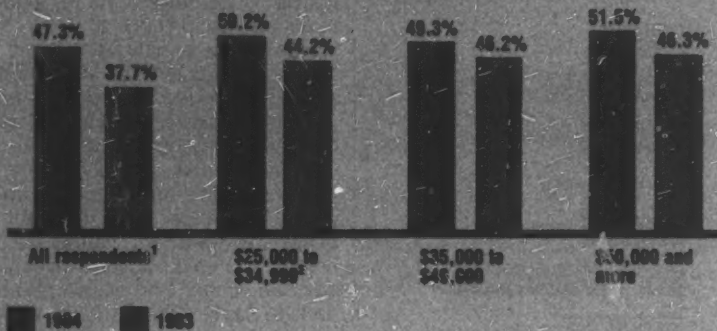
Herman's World of Sporting Goods, the \$350 million sporting goods chain, has rolled out the first store in an off-price sporting goods division. Dubbed Total Sports, the 30,000-gross-square-foot store opened in Hollywood, Fla., in January.

Plans are to expand the new division to 30 to 50 stores in both the Snowbelt and the Sunbelt over the next five years. The bulk of the stores, however, will be concentrated in the Sunbelt, which has less seasonality of goods. David Bloom, president of Total Sports, says the Florida store will serve as a prototype.

Total Sports stores will carry almost every category of sporting goods merchandise, with the exception of large boats, at discount prices. Besides hard goods, the stores will also stock athletic shoes and active apparel. The goal of the chain, says Bloom, is to offer the widest selection at the lowest prices.

Correction

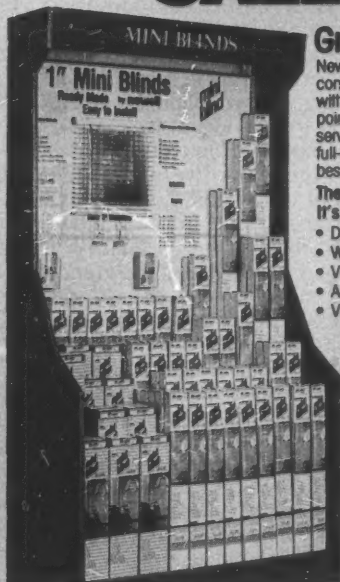
Boomlet means more school children



¹Chart indicates percentage of households with school age children
²Yearly household income
 Source: Chain Store Age/Better Homes and Gardens

A chart in the February 1985 issue of *Chain Store Age* incorrectly showed the results of a *CSA/Better Homes and Gardens* survey designed to measure the increase in school age children. The correct version of the chart, which reflects data collected from a panel of 415 consumers, appears below.

NEWELL GIVES YOU ANOTHER FULL-TIME SALESMAN:



Great Point-of-Sale:

Newell gives you the sales force you need to merchandise a complete line of window furnishings. All the right products, with tailor-made assortments for your market. All the superb point-of-sale merchandising. All the in-store support, detailing service and continuing follow-up to ensure that your Newell full-line window furnishing merchandiser stays one of your best and hardest-working salesmen.

The Newell Window Treatment Center.
 It's everything you need to sell.

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- Window Shades
- Vertical Blinds
- Aluminum Mini Blinds
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- Vinyl Roll-Up Blinds
- Wood Roll-Up Blinds
- Pleated Shades



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Caldor hires two hard lines vps

Caldor Inc., has reaffirmed its emphasis on hard goods with the appointment of two new merchandising vice presidents.

The new vice presidents, James E. Berk, and David Friedman, will head the newly realigned hard goods division, which includes homelines and hard lines. Each will have three group merchandising managers reporting to him.

Berk, who will oversee hard lines, joined Caldor in January. He was formerly executive vp of Otasco Inc., of Tulsa, Okla. Otasco was a subsidiary of McCrory Corp. until the recent employee buyout. Friedman, who will be in charge of homelines, signed on at Caldor Feb. 4. For the previous nine years he had been with Gimbels Department Store. He was senior vp/homelines when he left to join Caldor.

Among the changes made as part of the Caldor realignment is a switching of the domestics and fabrics departments from the soft goods division to the homelines division headed by Friedman.

The two new vice presidents replaced Luke Kirby, hard goods vp and gmm, who retired Feb. 1 after 31 years with Caldor.

The changes were announced by Leonard S. Williams, president of the 103-unit discount department store chain, which is based in Norwalk, Conn. Caldor is a subsidiary of Associated Dry Goods Corp., of New York City. The chain has annual sales in excess of \$1 billion, with stores in Connecticut, New York, Massachusetts, New Jersey, Maryland, Rhode Island, and one in New Hampshire.



Fabrics and domestics will become part of Caldor's homelines.

Intent-to-buy a mixed bag for March

In the March survey, nine of the 12 home electronics products tracked by *Chain Store Age* MarketTrends show a drop from the previous month's readings of consumer intent to buy within the next year.

The active market (those who have done some shopping in the last month) also fell for 10 products in the current study. The exceptions

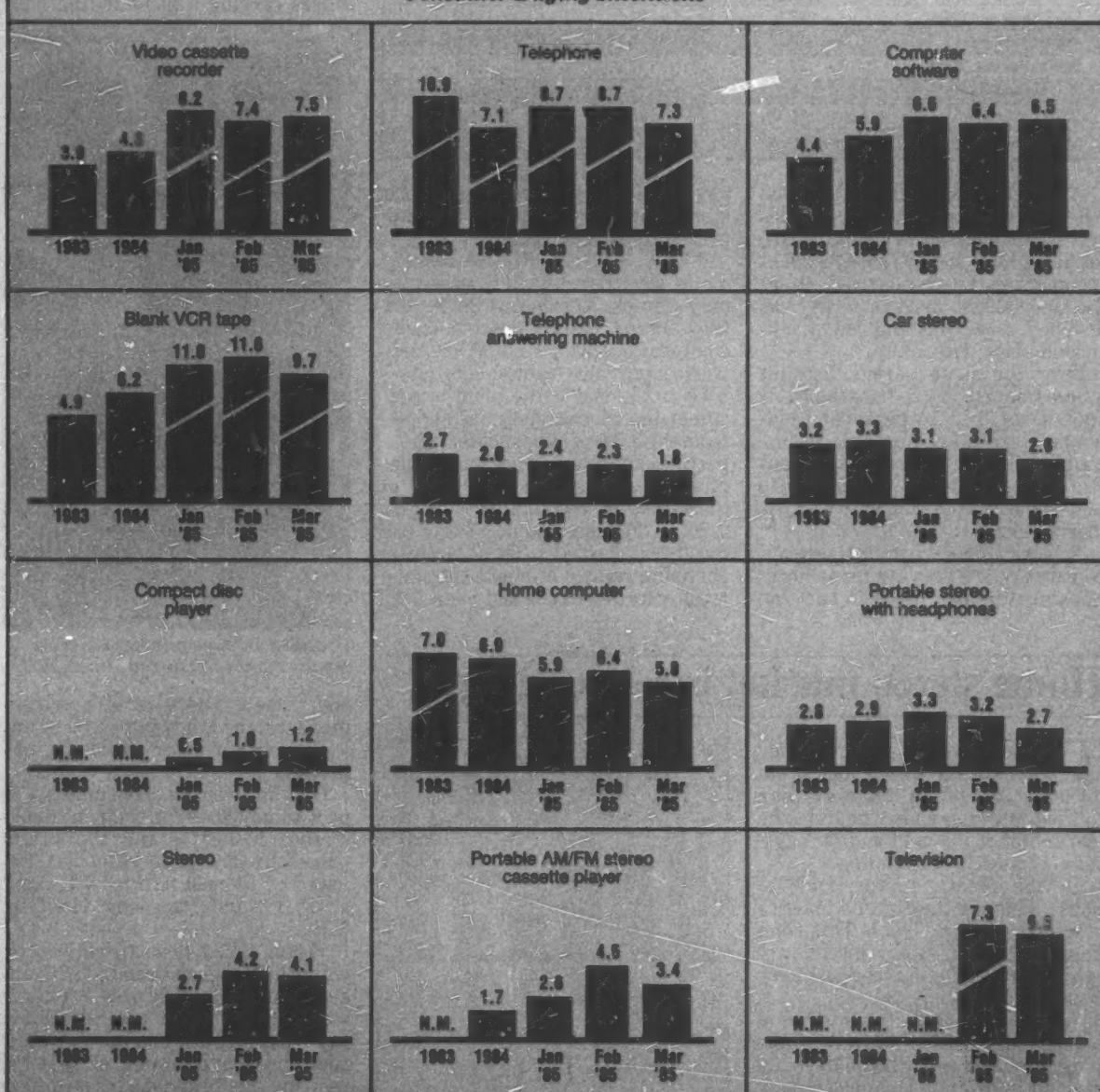
were VCRs, which posted a small increase in the number actively shopping, and compact disc players, which held even.

Prospective VCR consumers, however, once again give off conflicting signals. Though the number of households that expect to buy a video cassette recorder in the next year hovers below January's peak,

the per cent actively shopping in the last month remains at near historic high levels.

The upswing in consumer interest in buying a compact disc player continues unabated. For the third month in a row, the number of households that intend to buy a CD player increased over the previous month. In the March study, more respondents are actively shopping for a CD player than those who are in the active market for a telephone answering machine. □

Consumer Buying Intentions*



* % households might buy

Source: Chain Store Age/Lisa J. Shapiro & Associates

GMers lead headphone stereo market

In only 15 months general merchandise chains have walked away with the market for personal headphone stereos. Full-line department stores and discounters have grabbed the largest market share increases. The gains come at the expense of audio/electronics specialty stores.

choice for 37.5% of respondents, just about equal to the share Sony has held since headphone stereos were first measured in 1982. Once again Panasonic, cited by 16.7% as their preferred brand, is the only other choice listed by more than 1 in 10 prospective buyers. On the average, consumers say they expect to

reading.

Though audio and electronics specialists account for the lion's share of stereo sales (32%), the March poll indicates that department stores are positioned to reap the rewards of increased consumer interest.

Stereos represent the only category of the 12 electronics products studied where full-line department stores garner a larger market share than either discount stores or even retail giant Sears.

Department stores grabbed 15.8% of unit sales, compared to 13.6% for discounters and 10.2% for Sears. With most department stores carving a niche at the high

Discounters take personal headphone stereo market

	March 1985	August 1984	December 1983
Electronics specialist	13.9	22.9	24.2
Sears, Penney, Ward	13.1	17.0	16.1
Other	19.4	20.6	25.6

Source: Chain Store Age/Lee J. Shapiro & Associates

As recently as the December 1983 CSA MarketTrends poll, electronics specialists owned the largest share for headphone stereos with 24.2% of the market. In the current study the specialists' market share has dropped 43%, pushing them into second place with 13.9%.

Over the same period discount stores jumped 36% to take the No. 1 spot. Over 3 in 10 personal headphone stereos are now sold in discount outlets. Full-line department stores posted a 255% increase to take the No. 3 position with a 13.5% market share.

When it comes to brand, however, consumers are proving more loyal. Sony's Walkman is still the top

pay \$60 for a personal headphone stereo, down from the \$80 they expected to pay last August.

Almost 6 in 10 (57.3%) respondents say they will buy cassette-only stereos. Another 24.9% report they intend to buy cassette-radio combinations, while 17.7% say they wish to purchase radio-only units.

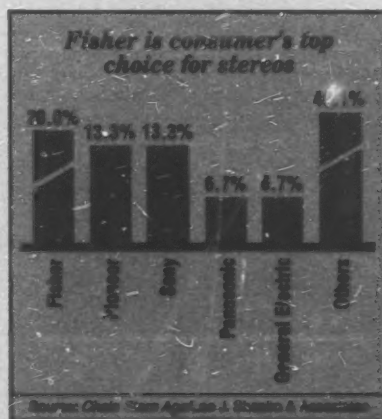
Over the last three months consumer intention-to-buy has slipped from the 3.3% of households that expected to purchase a personal headphone stereo in the next year as measured in the January poll to 3.2% in February and 2.7% in the most recent study. Those actively shopping remain at about the same level recorded in the last year. □

Home stereo market is rebounding

The home stereo business may not have recovered fully from its post-1980 slump, but according to CSA MarketTrends research, the market for component and rack systems is quickly rebounding.

In the March survey 4.1% of households say they intend to buy a stereo in the next year. This compares with the 2.7% who intended to buy as recently as the January study.

At the same time, the number of households (1.3%) actively shopping for a stereo in the 30 days immediately prior to the most recent poll is 62% higher than the January



Branded stereo equipment is most popular according to the March survey.

end, where there is less margin pressure, the study implies they enjoy an even greater share of gross profits.

On the average, consumers expect to pay \$544 for their intended stereo. Fisher is the top brand named by 20% of those polled, followed by Pioneer with 13.3%, Sony at 13.3% and Panasonic cited by 6.7%.

When asked how strongly they want their chosen brand, 30.7% answer they definitely will buy their stated choice, and another 18.3% say they almost definitely want their preferred brand. Only 4.1% respond that brand makes no difference. □



Dust settles on phone answerers

Consumers have expressed a steady interest in telephone answering machines over four years of CSA MarketTrends polling, but many of the automatic answerers have not found a happy home.

Though 11.0% of households in the CSA MarketTrends survey say they own a telephone answering machine, almost 1 out of every 3 (31.8%) of the answering devices are still sitting unused, according to this month's study.

Of those who own an answerer which is not in use, 42.9% say they haven't even hooked the machine up. Another 14.3% report they discovered no need for the device, since

How much would you pay for a telephone answerer?

\$20 and under	7.0%
\$21-\$50	16.7%
\$51-\$124	23.9%
\$125-\$149	6.1%
\$150-\$199	16.2%
\$200 and over	9.8%
Not answering	17.8%

(Source: Chain Store Age/April & May 1985)

someone is always at home to answer the phone. Another 1 in 7 of the nonusers say their family objected to the machine once they tried it.

With so many answering machines not in use, it is no surprise that the study also shows 1 in 20 (4.5%) households are buying answering devices at flea markets, garage sales and from other private parties.

Electronics specialty stores are the outlet of choice for 16.3% who have bought answering machines, followed by discounters at 15.6%, the Big 3 catalog chains with 13.5%, catalog showrooms at 11.7% and department stores with 9.7%.

Perhaps reflecting the large number of machines not in use, consumer intent to buy telephone answerers has dropped for three consecutive months.

The households actively shopping in the last month for answering devices (0.4%) is the lowest for any of the 24 consumer electronics or housewares products tracked in this month's survey. □

Value and quality—misused words?

Ask any home electronics retailer what today's customer wants, and my bet is that 9 times out of 10 the answer you'll get is "value." Ask just what value means, and my next bet is that you'll get at least nine different answers. Maybe more.

Consumers have a better insight into what they look for in an electronics retailer. Every time CSA MarketTrends research has asked the question, right at the top of the consumer's list is one word—price. Next on the consumer's list is quality.

Mix the two concepts together, and we end up with retailing's second most popular phrase—value pricing.

With all the talk about the relationship between value and price, it's surprising just how many merchants continue to shoot themselves in the foot on this one.

• Where's the consumer's perception of value when the \$600 television he bought last week is priced at \$500, or even \$400, this week?

• Where's the perception of value when retailers use "compare at" pricing strategies that suggest savings from former prices that neither they themselves nor any other retailer has ever sold that product for?

• Where's the perception of value when the small print reveals that price reductions took place before—often long before—the "now on sale" price?

• Where's the perception of value when manufacturer's suggested retail prices are used for savings comparisons when no retailer in the local market has ever charged those prices?

My guess is that today's increasingly sophisticated electronics customer has grown too savvy to be tricked over and over again without growing more than a little resentful. It's awfully hard for a customer to think he's getting value if he suspects he's getting his pocket picked at the same time.

The part of the value and price formula ignored by all too many pricing strategies is trust. Consumers must also trust that the

price charged for a product is in at least some way rationally related to its quality.

Merchants who truly strive to offer a combination of value, price and trust must, with the exception of legitimate markdowns on discontinued merchandise, move to a policy of everyday low prices.

What's in it for the retailer? First of all, merchants with a policy of everyday low prices will avoid what are becoming frequently critical examinations of pricing strategies conducted by consumer affairs departments and state attorneys general.

Second, the experience of progressive retailers with everyday low pricing proves that consumers will seek out those merchants who have what Toys "R" Us chairman Charles Lazarus has called "a real, a rational and a more defined pricing policy."

Third, a policy of everyday low prices provides a cost-effective means for distributing store traffic more efficiently. It provides real cost efficiencies that will allow retailers to do a better job of providing both a better level of service and greater satisfaction for their customers.

Perhaps The Federated Group's ceo/chairman Wilfred Schwartz said it best: "Retailer's pricing strategies will have to leave behind New York's 14th Street and bargain basement mentality. Pricing policies will have to change rapidly as we move into the 21st century."

"Shopping should not be a hassle, nor should it be a hustle—it should be a pleasurable experience. It should be fun."

—Rick Gallagher



Housewares sales on an upswing

Consumers appear to be reviving plans to purchase new items in several key housewares categories, according to *Chain Store Age* Market-Trends research. This upswing in consumer buying intentions in 8 of the 12 tracked areas reverses the downward trend exhibited in Febru-

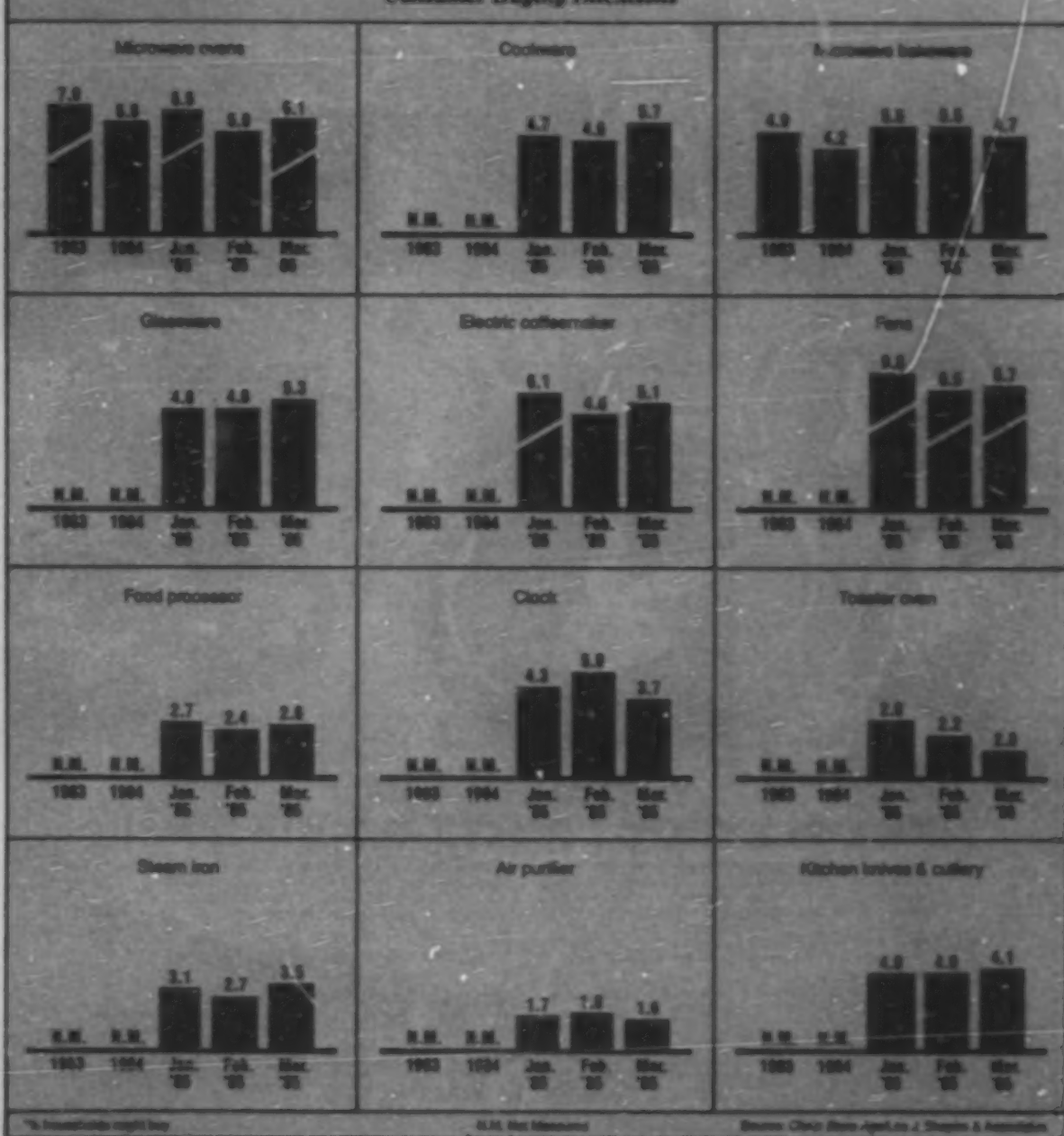
ary's data when seven items dwindled in shopping intensity.

Microwave ovens, cookware and steam irons headed the list of items which showed an increase in the percentage of shoppers who may buy within the next 12 months. Additionally, the percentage of house-

holds who may purchase glassware, electric coffeemakers, fans, food processors and kitchen knives and cutlery also rose for March. Glassware, in fact, reached its highest level for the first three months of 1985.

The only areas consumers report they are less likely to buy, according to this month's report, included microwave bakeware, clocks, toaster ovens and air purifiers. □

Consumer Buying Intentions*



Source: Chain Store Age, Inc. J. Shapiro & Associates

Clock sales tick away at discounters

Customers seek price and convenience when shopping for clocks.

No single clock manufacturer appears to have built a loyal consumer following, according to CSA MarketTrends research. An in-depth look at the category shows that 72% of surveyed shoppers do not have a particular brand in mind when they

Ward by 2.8% and Penney by 1.1%. Because price and convenience are two factors crucial to the business, drug stores and catalog showrooms scored high, too.

Price is important, yet customers do not have a clear focus on how much a clock should cost. The CSA MarketTrends median price point was \$30, but answers spanned the whole pricing structure from \$10 and under to \$300.

Although 32% did purchase a clock on sale, almost 25% noted they paid the regular price. Retailers are promoting clocks, however, as a way to stir up sales. K mart, for instance, recently advertised all wall and alarm clocks at 25% off the suggested retail.

Promotional efforts may intensify in the clock category if sales slack off. CSA research shows the clock buying intentions declining in the period from February to March from 5% to 3.7%.

CSA's shoppers are more likely to shop for an alarm clock than a wall model.

Customers may not have strong brand loyalties, but a few brands did pop into consumer's minds. Thirty per cent of CSA's poll picked a G.E. clock, 17.7% Westclox and 6.5% chose Timex. Store brands are popular with shoppers—an impressive 21% named the retailer's store brand as the clock they would buy.

Reasons shoppers choose a store for clocks	
Price/discount	17.2%
Quality	2.1
Service/repair guarantee	1.8
Other	8.3
Not answering	60.5

are in the market for a clock.

Instead, price and convenience impact upon the shopper's decision more than other factors. To that end, it is not surprising to find that most customers think of a discount store when deciding where to buy.

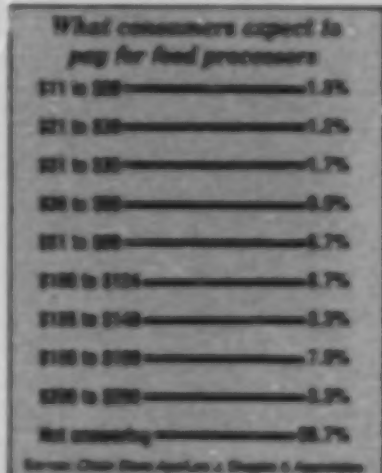
Almost 55% most recently purchased at a discount store, 16.5% picked the Big 3 and 10.3% mentioned a full line department store. When it comes to the Big 3, Sears has a slight edge over Ward and Penney. Sears was mentioned by 5.2%,

iron or clock.

Consumers may be apt to postpone the purchase of a food processor because of price. The highest percentage of shoppers said they expect to pay over \$36 for a food processor. The Big 3 have gained a stronghold on this market with 33% of all who named a store selecting Sears, Penney or Ward. Discount stores were second with 25% of the vote, while 16.7% picked a full line department store as a logical shopping outlet for a food processor.

Consumers often opt for an advertised brand (30%) but a surprising 7% said they have no brand preference. In fact, the mighty Cuisinart, once thought to be "the only" food processor, was not the No. 1 choice among the CSA sample.

General Electric's food processor



Food processors' perk: saving time

If 7 per cent of consumers owning a food processor are using it at least once a week with 35% noting that they use it for everyday and special event cooking. The majority, 41%, say they primarily use the processor to assist in the preparation of vegetables, salads and cole slaws.

These findings from CSA MarketTrends research were welcomed by several retailers who say they are closely watching the category to determine whether there is an increasing demand for food processors. Says one Midwest merchandise manager, "We're anxious to see whether there will be incremental sales. We're hoping customers perceive food processors as something

that really can save them time and effort rather than just another gadget."

CSA research found that consumers do indeed perceive advantages to food processors and the major perk, according to 40% of both those who do and do not have food processors, is that a processor "saves time preparing food."

Food processors are still considered somewhat of a luxury. For example, 35.5% responded that they would delay purchasing a food processor if they were forced to curb family spending. This is significantly higher than the percentage who said they would put off the purchase of a necessity product such as an



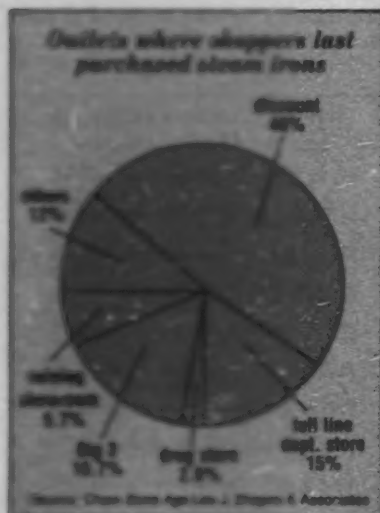
Food processors are considered by some shoppers to be a luxury purchase.

took that honor with almost 30% of the sample that mentioned a brand singling out G.E. Twenty-one per cent said Cuisinart, 15% Oster, 6.3% Moulinex "La Machine," 4.3% Hamilton Beach and the rest mentioned others including store brands.

Iron sales steam up at discounters

Consumers in the market for a steam iron often wait until it is on sale. In fact, research from CSA Housewares MarketTrends shows that almost 44% of all respondents who purchased a steam iron bought it at a sale price.

Since price is so crucial to the category, discount stores tend to be the customer's first choice when selecting an outlet. Almost 40% of the sample said that they last purchased a steam iron at a discount store with



16.5% of that base saying it was at K mart. When asked how they decided on an outlet, 18.2% responded price or discount. The only other response gathering double digits was convenience at 11.5%. It is no wonder that discount stores, which offer price and convenience, are No. 1.

Not surprisingly, most consumers expect to pay under \$20 for a steam iron. According to CSA research, 21% expect to find price points under \$20. There were, however, a significant portion of shoppers—10.6%—who were prepared to pay between \$20 and \$30.

Despite inroads by newer irons, customers appear to have clear brand favorites when it comes to steam irons. Out of the base mentioning a brand, better than 52% said they purchased a General Electric steam iron. No other brand even came close to G.E.'s hold on the market with Sunbeam selected by 18.2% and store brands 9.1%. □

Housewares Show is provoking interest

It is time for the Housewares Show again. You know what that means—it signals that time of year when everyone gathers in Chicago to bemoan that there "really isn't anything new in the industry."

This should not be the scenario as we gather at McCormick Place this March 24-28. There are several good reasons why retailers and manufacturers should embrace the 82nd Housewares Show with a renewed vigor.

Perhaps the best news for the industry came during the National Retail Merchants Association's meeting in New York. A panel consisting of Louis Stern from the Marketing Science Institute, Eleanor May from the Darden School of Business, Bill Riss of C. W. Riss & Associates and Walter J. Salmon of Harvard Business School, presented findings showing that sales of several housewares items will rise 6% through 1990. That 6% increase may not sound impressive until compared with the paltry sales projections for apparel, footwear and health & beauty aids. Women's apparel, for instance, will only show a 0.9% increase in retail sales through 1990, according to the panel.

Let's look at some specifics. Kitchenware and home furnishings sales should rise 6% to \$25.2 billion by 1990. Fueling this area, which includes cookware, tableware, flatware and decorative accessories, is the increase in household formations as a result of—you guessed it—the Baby Boom.

Small electric appliances should also experience a 6% sales gain to \$8 billion by 1990. This is because pools will continue to use the home as an entertainment center. The growing emphasis on health and appearance, plus the trend of women moving into the work force, and a shift to white-collar jobs will feed the demand for personal care items.

This bodes well for the housewares industry and guarantees the need and demand for new and innovative products. Last year's debut of "smart" irons addressed the requirements of today's new

shopper.

These are just a few of the things that can inject some zing into this year's show. Other issues to watch include:

- The continuing saga of the G.E./Black & Decker irons. Not only is it interesting to watch how Black & Decker absorbs G.E., but also to see which other companies act to take advantage of what will probably be a confused customer. Black & Decker also will have to contend with more than competitors hoping customers are perplexed because the United Electrical Workers union is conducting an anti-Black & Decker campaign of its own. The union claims 850 people lost their jobs at a G.E. plant in Allentown, Pa., because the company wanted to switch to non-union factories. The union is starting a campaign to let consumers know Black & Decker is "destroying the housewares plant that made the reliable G.E. products."

- Can new entries into the sizzling anodized cookware market make it? Retailers say anodized cookware sales are promising but they are not sure at this point whether there will be room in the market for all of the new lines such as those from Cal. Club and Meyer.

- What will be next for retailers who are upgrading the department look and merchandise? Retailers and manufacturers are closely watching new looks at Penney and Bredeles to see if customers truly do want to buy what was once department store merchandise in a more mass market setting.

—Faye Brookman



Ewoks™

STAR WARS

DROIDS

LICENSEES

Apparel/Accessories

Adam Joseph Industries (415) 552-5400
 Charleston Hosiery Mills (513) 321-3050
 Lee Company, a Division of
 Lee Byron Corp. (212) 244-4440
 Sales Corporation of America
 (415) 896-0707

Underoos, A Division of Union Underwear
 Company, Inc. (502) 781-6400
 Uniprints, A Division of Union Underwear
 Company, Inc. (502) 781-6400
 Wilker Brothers Company, Inc.
 (212) 564-7690

Food Products/Promotions
 Coca-Cola USA (404) 676-2121
 Kellogg Company (616) 966-2000

Home Textiles

The Bibb Company (212) 354-6300

Housewares

Deka Plastics, Inc. (201) 351-0900
 Thermos, a Household International Co.
 (203) 887-1671
 Wallpapers-To-Go, Inc. (415) 785-7150
 Wilton Enterprises, Inc. (312) 963-7100

Publishing and Music

Ballantine Books (212) 751-2600
 Disneyland-Buena Vista Records
 (818) 840-1000
 Marvel Comics Group (212) 696-0808
 Paradise Press (203) 838-5484
 Polygram Records (212) 399-7100
 Random House, Inc. (212) 751-2600

Stationery and Gift

Adam Joseph Industries (415) 552-5400
 American Publishing Corporation
 (617) 926-1800
 Drawing Board Greeting Cards, Inc.
 (214) 638-4800
 Random House, Inc. (212) 751-2600
 Sales Corporation of America
 (415) 896-0707
 Stuart Hall Company, Inc. (816) 221-8480
 Topps Chewing Gum, Inc. (713) 768-8900
 Towle/Sigma Giftware Corporation
 (617) 569-6807

Toy and Juvenile Products

American Toy & Furniture Company, Inc.
 (312) 271-2600
 Ben Cooper, Inc. (718) 499-7025
 Bradley Time Co. (212) 243-0200
 Brookfield Athletic Shoe Company, Inc.
 (617) 867-7406
 CBS Toys (201) 330-3000
 Don Post Studios, Inc. (818) 768-0811
 Fundimensions (313) 949-4100
 Huffy Corporation (513) 866-6251
 Kenner Products (513) 579-4000
 Parker Brothers (617) 927-7600
 Spectra Star Kites (818) 897-2979

Miscellaneous

Atari Games, Inc. (408) 747-2700
 Comdial Consumer
 Communications Corp. (212) 319-0890
 The McCall Pattern Company
 (212) 880-2600
 Orin-B Laboratories (415) 856-5000

player groups, including the baseball player's union, says sales of this kind of merchandise are growing. And he discounts fears that having a player traded will ruin a local promotion.

"Experience has shown that when a popular player gets traded, everyone rushes to buy merchandise with him on it because they know there won't be much more of it in their market," says Schechter, whose company, Mike Schechter Associates, operates out of Cos Cob, Conn.

Giving it away: Much of this player licensed merchandise is used by vendors and retailers as premiums for promotions rather than sold. Chains as different as Southland, A&P and K mart have given away everything from glasses and mugs

to placemats bearing the likenesses of local sports figures.

Merchandise sold, not given away, tends to be apparel. Toy and stationery buyers say there is little in their categories available in the way of sports licenses, and some doubt that the concept would work well for them.

"I just don't see much interest in team notebooks or pencils out there," says Dan Fazio, stationery buyer for the 15-store Rich's chain, headquartered in Salem, Mass. "And this is Boston Celtic country."

"People generally buy this kind of merchandise because they want to show their enthusiasm for a team, and that's often best expressed in something that's worn," says Peter French, director of licensing development for NFL Properties. □

Shortages still plaguing top licenses

Sales of Masters of the Universe dropped when buyers had trouble getting product in on time.

The only surprise in *Chain Store Age's* monthly poll of the hottest licenses is the disappearance of Masters of the Universe from the ballots of some toy buyers. One buyer even dropped the property onto his list of "fastest declining" properties in this month's poll, which measures last December's sales.

The problem with Masters may not be one of its popularity but its availability. As one buyer noted, his sales of Masters dropped off because he was having trouble getting product.

Even with fewer mentions this month, Masters remains among the fastest growing licenses along with four other properties which have dominated the list since last summer. Cabbage Patch remains at the top of the list despite continuing inventory problems in some areas of the country.

"I still could sell all of the Cabbage Patch I could get my hands on," wrote the toy buyer for one moderately priced department store chain.

The *Chain Store Age* survey goes out to buyers at the 100 largest department, specialty, discount and variety store and catalog showroom chains. Numbers in parentheses indicate the license's position on last month's chart.

Showing most growth:

1. Cabbage Patch (1)
2. Transformers (4)
3. Gobots (2)
- Rainbow Brite (3)
5. Masters (5)

Showing most falloff:

1. Jedi/Star Wars (1)
2. A Team (3)
3. Strawberry Shortcake (4)
- Smurfs (2)
5. Knight Rider (5)



Robot figures and dolls dominate the fastest-growing licensed properties list.

SLRS: TENTATIVE TALK OF GROWTH

Manufacturers are hoping the boom in autofocus cameras will have a positive impact on SLR sales. New models are aimed at trading the customer up.

These days, waiting for sales of 35mm single-lens-reflex cameras to pick up is a little like waiting for Godot—the more you look for him, the further off he seems to get.

Last year, buyers and vendors began hoping the SLR business would finally get going again, if not spectacularly, then at least modestly. Vendors at the Photo Marketing Association show were buoyant enough about the market to introduce several new models and step up shipments from overseas. Retailers talked, albeit cautiously, about adding to their selection with something innovative, perhaps a programmable model.

A year later SLRs are still moving slowly, buffeted by a sudden downturn in consumer spending, squeezed off gift lists by hot products like VCRs, and chased out of their own department by the enormously popular autofocus camera.

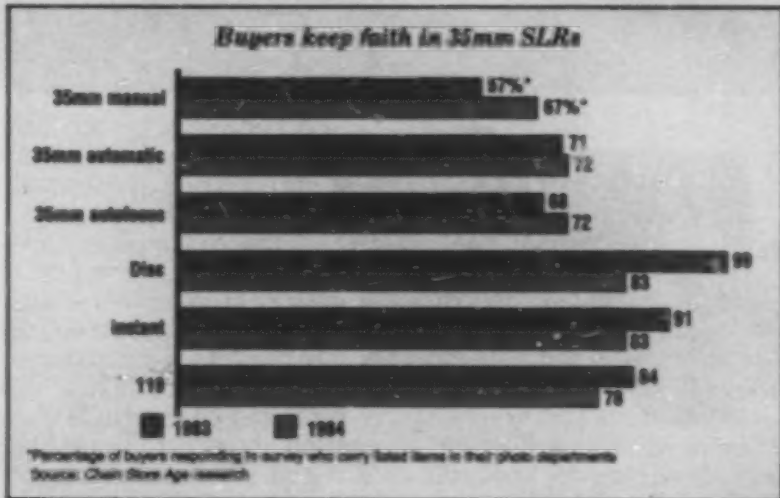
Is more of the same in store for 1985? Or is this the year that SLRs regain some of the luster they had up until the late 1970's? It depends on whom you ask.

Trading up: Optimists that they tend to be, manufacturers are counting on some type of resurgence—even a moderate one—and a few will be putting their money where their mouths are with new products debuting at the PMA show. At the root of that optimism is a feeling that the boom in autofocus cameras will soon begin having a positive impact on SLR sales. Many customers, the reasoning goes, will soon be looking to trade up from point-and-shoot cameras to better-quality SLRs.

"A lot of terror has been taken out of picture-taking by cameras like the T-70," says Mike Matzkin, a spokesman for Canon, referring to one of his company's programmable



Buyers and manufacturers hope technological innovations will spur SLR sales.



SLRs frequently found in mass market outlets.

Consumer research suggests that such optimism may not be entirely unfounded. *Chain Store Age's* most recent consumer buying intention

study (CSA, August 1984), found 5.3% of consumers surveyed said they were looking to buy a 35mm camera in the next 12 months. That's the highest intention-to-buy figure reported in the four years of

Price a key when choosing an outlet for cameras

Reason for shopping	K mart	Other discounters	Sears	Ward	Penney	Catalog Showroom	Specialty store	Department store
Price/quality	75.9%	88.1%	21.5%	22.1%	15.3%	71.1%	9.3%	47.9%
Selection	—	5.3	—	17.4	—	—	12.6	38.8
Quality	—	3.3	25.3	4.3	12.5	18.2	12.3	16.3
Satisfaction/ past experience	—	12.8	8.9	13.1	15.3	6.8	14.5	—
Location/ convenience	17.8	—	16.4	—	20.5	—	6.8	15.4
Family works here	—	11.2	—	—	—	—	10.4	—
New camera item	—	—	—	15.5	8.5	—	2.6	—
Not answering	—	5.8	16.1	4.7	—	6.8	4.7	11.6

Source: Chain Store Age and Z. Granger and Associates

Who shops for 35mm cameras

Income	%*	Occupation	%	Education	%
Under \$10,000	7.5	Salesman	14.7	No grade or less	7.8
\$10,000-\$20,000	21.9	Manager	15.5	9th-11th grade	6.8
\$20,000-\$30,000	26.3	Professional	13.7	H.S. graduate	30.3
\$30,001-\$40,000	17.7	Operative	9.7	Some college	29.5
Over \$40,000	25.4	Technician	8.3	College graduate	26.6
Not answering	13.2	Other/Not answering	35.1	Post graduate	12.4

*% of people who shop for 35mm cameras
Source: Chain Store Age and Z. Granger and Associates

the survey.

But the study also contained a cautionary note which explains why SLRs did not have as good a Christmas as some hoped they would. Nearly 8 out of 10 consumers who said they planned to buy a 35mm camera also said that, were they to cut back on family spending, they probably would strike the camera from their shopping list.

The target customer for new SLR business, say vendors, is the individual who has been willing to spend as much as \$150, \$200, even \$300 for the most advanced autofocus models. Even some retailers, skeptical though they tend to be about any impending boom, believe there is a market for consumers ready to move from these point-and-shoot models to SLRs.

"There is more overall interest in 35mm photography because of the success of the autofocus. Maybe that will translate into better SLR sales soon," says Frank Dziabiak, photo buyer for G. C. Murphy.

How big a market? That market, however, may not be large enough to fuel any drastic growth in SLR sales. There is at least some suspicion that many consumers gobbling up autofocus cameras are finding them entirely adequate and won't be ready to ditch them in favor of more expensive SLRs. More than half of all pictures are still taken for

something as mundane as the family vacation, and it is not likely consumers will be rushing to upgrade just to enhance those kinds of pictures.

"The real possibility lies with the young. Manufacturers have to do a better job of selling autofocus cameras to this market, because they will be willing to trade up as they get older. A 35-year-old who spends a lot of money on an autofocus and is satisfied with it isn't going to want something else later on," says Don DiCara, photo buyer for Federated Merchandising, a buying group which represents about 50 catalog showrooms.

Despite this characteristic caution, buyers don't seem ready to give up on SLRs. Slightly more than 72% of buyers at department, discount and variety stores responding to a CSA survey say they still carry some type of automatic SLR. That is virtually the same number which reported stocking the category in a 1983 survey.

"It's tough out there, but people are still buying cameras. We're not going to just walk away from the business," says the buyer for a Northeast discount chain with some 50 stores and nearly \$300 million in sales.

Like manufacturers, buyers are hopeful that technological innovations will spur category sales, although most buyers also say that,

with sales still flat, adding an innovative product would mean dropping another model. And despite this willingness to tinker with the assortment, buyers remain wary of innovative products that come bearing high price tags.

A case in point is the much publicized Minolta Maxxum, a recently introduced autofocus SLR that the company believes will create a whole new market. "It has no competition," say press materials distributed by Minolta.

Although this remarkable camera will no doubt appeal to enthusiasts, Minolta believes it will also be a strong mass market seller and predicts it will capture 5% to 10% of the SLR market in the first year. With a suggested retail price of \$509, the consensus seems to be that the camera will sell for about \$350 in the mass market. Most buyers believe that is too high a price point to spur any big buying binge.

"It would have been nice if it was a camera that we could sell for under \$300," says Henry Becker, one of the principals of Combine Camera, which operates freestanding stores and leased departments in New York's Time Square Stores discount chain.

For many mass market buyers \$300 seems to be the magic price point, although some admit that better department stores and discount chains like K mart and Caldor, which already approach \$300 in their SLR assortment, might be able to sell a higher-priced camera like the Maxxum fairly well.

"At \$350, I'd be surprised if the camera sold in significant numbers," says Ted Bartlett, photo buyer at ZCMI, the department store chain headquartered in Salt Lake City.

Consumer research tends to rein-

force buyers' perceptions that there is resistance in the mass market to cameras which are priced that high. *Chain Store Age's* buying intentions study (CSA, August 1984) showed that the average price consumers were willing to pay for an SLR declined \$11 to \$237 in one year.

One problem with higher prices, say several buyers, is that even a fully automatic camera which is easy to use needs to be sold by a qualified salesman if it carries an expensive price tag.

"We don't have the help in our photo departments to sell a camera with a \$350 price tag," says the buyer for the Northeastern chain of discount stores. He does add, however, that the department has been upgraded in the last year to include the Canon T-70 and Minolta X700, two programmable models that can be sold at about \$200.

Selling like popcorn: Executives at Minolta believe a unique technology will drive sales of the camera, even at prices above those found in the mass market. The company has already sold the Maxxum to several major chains, including, according to industry reports, K mart and Caldor.

"Most of the VCRs sold now are priced between \$300 and \$400, and people are buying them like popcorn. If it's a product that people want, what's \$350?" says Jim de Merlier, marketing director at Minolta.

He points out that two of the best-selling SLRs in the mass market, the Canon AE1 and the Minolta X700, both frequently sell for between \$200 and \$250, and he doesn't think the Maxxum's price will be considered much of a step up.

"When autofocus was introduced people showed they were willing to pay 20% to 30% more for it," he says.

Regardless of whether customers come looking specifically for the Maxxum, manufacturers think they will be looking this year. Imports of SLRs to the United States through the first 11 months of 1984 rose 5% above all of 1983 imports. While some of that gain simply represents vendors adjusting inventories, most vendors also say they believe there is business out there.

"The SLR market is better than people believe, and I think some buyers found that out when they saw their final figures for 1984," says John Clouse, director of the photo division at Nikon.

For the time being, however, chain buyers without fail note that the real action continues to take place in the autofocus category, and that is where most buyers will be concentrating their inventory going into the PMA show.

"We can sell autofocus cameras

priced between \$69 and \$130 with no trouble," says the buyer for a Midwestern chain of nearly 200 discount stores doing about \$400 million in sales. "It's an easy sell, so why should we take too much of a chance on SLRs?" □

Section written by Steve Malanga

Autofocus sales seem nearly automatic

Buyers like the autofocus because it is simple to use and easy to sell at many different price points.



Pricing is getting sensitive on better-known brands of autofocus cameras.

Ask a photo buyer these days about SLRs, instant cameras or the disc and he is liable to start telling you how many autofocus cameras he sold last month.

That kind of enthusiasm is understandable. Technological innovations may spur SLR sales. Better-quality disc cameras could bring many consumers back to that product. The success of VCRs is certainly boosting video camera sales. But nothing compares in buyers' minds to the autofocus, and there are few indications its phenomenal success is about to abate.

For the first 11 months of 1984 imports of 35mm cameras with built-in flashes, a category dominated by autofocus models, increased 39% over similar imports in all of 1983. The Photo Marketing Association now estimates that more autofocus cameras than SLRs are imported here in one year, a remarkable achievement for a category in which less than 400,000 units entered the country in 1979.

Simple, inexpensive: Buyers continue to love the product because it is so simple to use and so inexpensive that any store which hangs out a "photo department" shingle can sell the autofocus—and many are. Although the category is less than six years old in the mass market, 72% of all department, discount and variety store camera buyers responding to a *Chain Store Age* survey say they carry at least one autofocus.

Most chains are actually carrying

Buyers stock Canon most frequently	
Model	% departments which carry
2. Olympus AFI	38.9
Minolta Freedom II	38.9
Nikon L35 AF	38.9
Source: Chain Store Age research	

considerably more than one. The typical department store surveyed by CSA stocks 7.6 models, while discount and variety stores on the average carry 6.8 models if they have a photo department.

Assortments have grown so broad because the autofocus is selling well at many different price points. Canon's Sure Shot, the best-selling autofocus, according to the CSA survey, now frequently retails for about \$100, while another top seller, the Minolta Talker, often goes out for between \$120 and \$130. But Nikon's L35 AF, also mentioned by retailers as a top mover, sells well at \$140, while the Canon Snappy line, according to buyers, is doing well at considerably below \$100.

"We do best at about \$150," says Henry Becker of Combine Camera Stores, headquartered in West Hempstead, N.Y. "A lot of people come looking to spend about \$100, but when they see what's available for \$50 more they're willing to spend the money."

To a discount store buyer in the Plains States with nearly 200 stores which don't sell SLRs, \$150 is too high a point. But the discounter still says he does a strong autofocus business between \$70 and \$130 with models like the Canon Snappy. "They sell themselves," says the buyer.

The low-end of the business, in fact, is exciting many discount and variety store buyers. Several say that a major task at this year's Photo Marketing Association show is to find low-end, off-brand autofocus models to round out their lines.

Falling margins: The need to shore up profit margins on autofocus cameras is obvious because, while sales are booming, margins are falling. More than 35% of those stores selling autofocus cameras say they now get less than 15% margins on these items. Especially squeezed are discounters and variety stores, which make up 80% of the group below 15%.

"Pricing can get pretty sensitive on brands that are the most well-known. That's how we get into stores, by offering an autofocus for under \$100 that retailers can still make a good profit on," says Robert Bedessem, vice president at Anasco Photo-Optical.

The company says that it has met with such success with its 1090 AFS, an autofocus that typically sells for between \$69 and \$89, that

Consumers unlock pocketbooks for autofocus

Price	All consumers	High level of interest	Middle level of interest	Low level of interest
Under \$50	1.1%	1.0%	1.1%	1.1%
\$50-\$99	8.9	16.8	6.4	4.8
\$100-\$149	8.2	11.3	11.8	8.5
\$150-\$199	7.5	5.9	12.3	3.7
\$200-\$249	5.0	7.3	4.4	6.7
\$250-\$299	3.8	5.7	3.7	1.7
\$300-\$399	3.1	7.5	11.7	6.8
\$400 or more	3.4	14.3	7.4	3.2
Mean	\$247	\$272	\$223	\$249

Collected by CSA and sent to 100% increase of "no response" from Chain Store Age, Jan. 4, 1985 and Associates



Of photo buyers surveyed, two-thirds say they are stocking autofocus accessories.

Anasco is working on introducing another low-end model.

As the autofocus' share of market increases while margins tumble, many buyers are looking to make money selling accessories for these cameras. Some buyers caution that a store can risk alienating customers by selling products which really do not do much to enhance pictures taken with these cameras.

In the CSA survey of photo buyers, two-thirds say they are carrying some type of autofocus accessories. The group is dominated by department stores; 70% of those stocking accessories fall into this trade class.

Lenses big winners: The most commonly carried accessories are lenses, stocked by 90% of those carrying autofocus merchandise. Carrying cases are a part of 40% of the departments which stock accessories, while 24% of buyers say they carry filters and 10% stock tripods designed for autofocus cameras.

Department stores dominate this segment of the business because lens sets, the best sellers, typically

go out for between \$40 and \$100. But some discounters, like K mart, have also succeeded in the business. Offering its own Focal brand lenses, K mart says it sells one lens for every two cameras.

Despite the hesitance of some discount buyers, some believe lenses can become a major mass market item. Rokina, a vendor headquartered in Irvington, N.J., believes so. It is introducing more detailed, graphic packaging for its autofocus lenses.

Rokina's lenses, tailored for cameras by Canon, Minolta, Nikon and Ricoh, commonly sell for between \$50 and \$60, with some going out on ad for \$39.

Some buyers, however, are wary of stocking autofocus lenses because they often do not measurably enhance photos and can sometimes be difficult to fit correctly on a camera purchased for its simplicity. Even several buyers which sell them admit privately that the wide angle and telephoto lenses available do little to improve pictures.

"We've done very well with cam-

United States suppliers may have a tough time meeting the demand for fashion sunglasses. Some chains have turned to imports to fill out inventories for '85.

Trendy styles brighten sunglass sales

For 1985, retailers will put more of their dollars behind the trendy sunglass shapes and colors currently igniting the \$1 billion sunglass category.

By appealing to shoppers interested in fashionable eye wear, retailers hope to generate sales gains up to 35% over last year's robust selling season. The Sunglass Association of America predicts that an additional 30 million units will be sold this year, hiking the total number of sunglasses sold in the United States to 120 million.

The hot trends at department stores, which account for 25% of sales, will be flat brow, cat eye, preppy and large wrap (similar to Yoko Ono's sunglasses) shapes, buyers say. Broadway Stores' buyer Syd Fry predicts that bright colors will steal the scene while Renee Stark, sr. buyer at Dayton Hudson, says she'll emphasize white and graphics. And a representative of Riviera, a leading supplier, pegs clear frames injected with bright specs of colors and colored mirror lenses as winners for 1985.

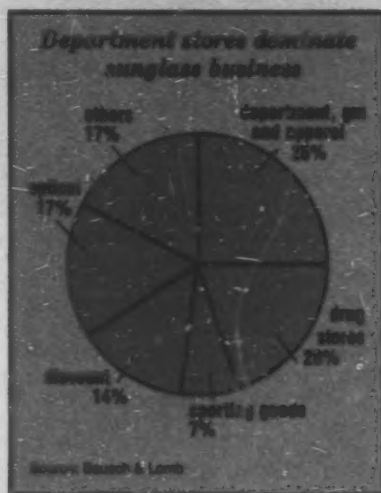
Neons, passe at many department stores, now appear ripe for mass market audiences, says Dick Enholm, vp marketing for Foster Grant. Buyers from Gold Circle and Woolworth agree.

Many of last year's styles—glaciers, Wayfarers, cords and beveled frames—should continue to be strong in 1985, report discount store buyers. Buddy Sklar of Opti-Ray says the concern over ultraviolet rays will fuel demand for the new Coppertone Sun Protectors by Opti-Ray. Wal-Mart, Jamesway and G. C. Murphy have already committed to the line, according to Sklar.

Department stores are finding a new host of competitors hungry for the sunglass business, according to Norman Salik, director of marketing services for Bausch & Lomb. He points out that mega-optical centers such as Eye Lab are stealing sales, especially during off-season when retailers de-emphasize the category.



Graphics are in for fashion sunglasses—shape and color are eye-catching.



ry. Department stores, however, command the lion's share of the business which breaks down this way: department stores 25%; drug 20%; optical 17%; discount 14%; sporting goods 7%, and other 17%.

With gross margins of 40% to 45% and departments that don't require heavy space commitments, the sunglass department is crucial to retailers. The general rule of thumb is that sunglasses should account for three-tenths of 1% of total store volume, according to suppliers. Here are the tactics several retailers are using to maintain their share of the business:

- **Upgrading to better designer frames.** Fry at Broadway says she'll annex her everyday business by emphasizing frames priced between \$25 and \$65 from Anne Klein, Bausch & Lomb and Laura Biagiotti. Sanger Harris will also feature upscale offerings from Emmanuelle Khanh, Private Eyes and Colors in Optics. Some chains will encourage sales of trendy shades such as those by Tropical by creating outposts in junior departments;
- **Boosting men's business.** According to associate buyer Pete Palmisano at Dayton Hudson, the men's business is now following the fashion cue set by women's sunglass sales;

- **Improving fixtures.** Mark Orlinksy, vp marketing for Visual Scene has seen more discounters use chrome and glass fixtures. Mary Haworth at Gold Circle adds that she is creating a boutique look for the items;

- **Importing house brands.** K mart and Family Dollar are examples of chains improving margins via internal programs.

- **And finally, advertising.** Chains are using ads to create year-round sales. Gold Circle, for example, advertises sunglasses every week. "One week it will be by vendor like Riviera, another week it will be lifestyle such as retro-1950 looks," says Haworth. □

Research suggests that college students and recent graduates are the most likely to set up home offices—either for personal or business use.

Home offices grow by at least 9%



Electronic typewriters are gaining in popularity, although brands are not as important.

While only 4 out of 10 consumers have set aside home offices, 6 out of 10 keep filing cabinets there and 7 out of 10 own typewriters, indicating that the home office market may be bigger than the industry realizes. These are just a few of the findings from a recent *Chain Store Age/Better Homes and Gardens* consumer survey.

Of the 37.9% who have an area set aside in their homes for offices, more than half use a separate room. Moreover, another 8.7% are planning to incorporate one into their homes soon.

College students and recent graduates are the most likely to create home offices. Approximately 54% of those planning one are between 18 and 34 years old. Additionally, 3 out of 4 planners have some college education while approximately one-third are college graduates.

The majority of consumers use their home offices primarily for per-

sonal matters but a sizable group (34%) maintain the space for business. This concurs with the U.S. Department of Labor Statistics which show 27 million households (or 35%) have business offices at home.

No matter how it is viewed, the home office trend is booming. Retail sales of home office products have followed suit, cracking the once sedate stationery business wide open. Big-ticket items such as filing cabinets and electronic typewriters fuel the fire for everyone.

For instance, K mart's sr. stationery buyer John Sommerville says

his home office business has seen the greatest increases of all stationery over the past four years.

The *CSA/BH&G* survey found that more consumers owned typewriters (73.8%) than either filing cabinets (58.5%) or home computers (17.8%). The most popular typewriters previously bought were the electrics: 51.1% of the respondents say they own this type. Another 46.7% own manuals and 1.9% own electronic models.

In 1985, 1 in 10 plans on buying a new typewriter. Similar to previous

Computer shopper shows highest income			
	File cabinet	Typewriter	Home computer
Age			
18-34 yrs. old	58.5%	73.8%	17.8%
35-44 yrs. old	58.5%	73.8%	17.8%
Income			
10-20,000	58.5%	73.8%	17.8%
20-30,000	58.5%	73.8%	17.8%
30-40,000	58.5%	73.8%	17.8%
40-50,000	58.5%	73.8%	17.8%
50-60,000	58.5%	73.8%	17.8%
60-70,000	58.5%	73.8%	17.8%
70-80,000	58.5%	73.8%	17.8%
80-90,000	58.5%	73.8%	17.8%
90-100,000	58.5%	73.8%	17.8%
Source: Chain Store Age/Better Homes and Gardens			

purchases, half (54.8%) are in the market for electric models. However, unlike the past, 1 in 3 shoppers wants an electronic typewriter while only 9.5% want a manual.

The majority of retailers see electronic typewriters as an excellent growth classification. Moreover, they say brand is not a critical factor in the buying decision. As long as it is a recognizable brand and a quality item, it will sell.

Merchants explain that the increased interest in electronic typewriters stems from broader acceptance of new technologies in addition to the introduction of some electronic models priced competitively with the electrics.

Montgomery Ward's 1985 Spring and Summer catalog demonstrates this well. It offers three electric typewriters for \$229.99, \$239.99 and \$259.99 while the eight-sku's electronics selection starts at \$199.99 and ends at \$529 (with the majority of the merchandise falling between the price points of \$249.99 and \$299.99).

Not surprisingly, discounters will prosper most (45.2%) from the new business. Other merchants abandoned the typewriter category two or more years ago to the discounters and specialty retailers. Approximately 21% of the remaining shoppers will make purchases at catalog showrooms, 11.9% at stationery stores, 9.5% at department stores and 9.5% at Sears.

Three out of 5 of the shoppers have some college education and 73.8% have children in their households. Additionally, they are older than the filing cabinet customer and more affluent. This suggests that parents are buying typewriters for children or replacing older models while the filing cabinet customer is the college student or recent graduate.

Of the 58.5% of the consumers owning filing cabinets, 56.4% have two-drawer and 42% have four-drawer units. In the next 12 months, an additional 11.5% of the consumers are planning purchases.

Approximately 57% of the shoppers are 18 to 34 years old and 7 out of 10 have some college education or better. More than 85% are married and own homes.

Like the typewriter customer, filing cabinet shoppers frequent discounters (38.8%). Office supply stores run a close second (34.7%) for market share. Department stores



Younger people set up home offices

	% of those who have a home office:	% of those who are planning to set up a home office:
Age		
18-34 yr. olds	38.2%	34.1%
35-44 yr. olds	36.2%	29.7%
45-54 yr. olds	34.1%	23.4%
Education		
Some college or better	69.1%	76.7%
College graduate or better	37.0%	32.4%
Income		
\$10,000 or less	14.7%	14.3%
\$10,000 to \$25,000	34.3%	40.3%
\$25,000 or more	50.9%	45.3%
Married	87.0%	81.1%
Home ownership		
Own home	87.4%	84.3%
Rent	36.2%	36.1%

Source: Chain Store Age/Better Homes and Gardens

and the Big 3 catalog chains attract only half as many customers with department stores accounting for 18.4% and the Big 3, 16.2%. Sears comprises 12.2% of the Big 3's total. These shopping patterns are in-

Discounters top shopping list

Where customers shop for the majority of home office supplies (multiple responses)

Discounters	39.8%
Stationery stores	28.3%
Drug stores	16.1%
Department Stores	9.6%
Variety stores	9.1%
Supermarkets	6.6%
Sears	4.9%
Catalog showrooms	3.0%
J. C. Penney	0.7%
Montgomery Ward	0.7%
Other	3.6%
Do not buy office supplies	10.5%

Source: Chain Store Age/Better Homes and Gardens

dicative of selections available. Office supply stores and discounters offer broader selections of filing cabinets than department stores or the Big 3 (with the exception of Sears).

Additionally the discounters and office supply stores are more likely to provide one-stop shopping for all home office needs more so than the department stores and Big 3. In fact, the survey shows that 39.8% of the consumers shop discounters for most of their home office supplies vs. 9.6% who shop department stores and 6.3% who shop the Big 3.

Lastly, of the three categories tracked, the study indicates that home computers will grow the most. It had the lowest current market penetration (only 17.8% own one) while another 13.3% plan on buying a home computer during 1985.

These consumers are the most affluent of all three shoppers with 36.8% having incomes in excess of \$50,000. Moreover, one-third are at least college graduates and 87.7% are married. □

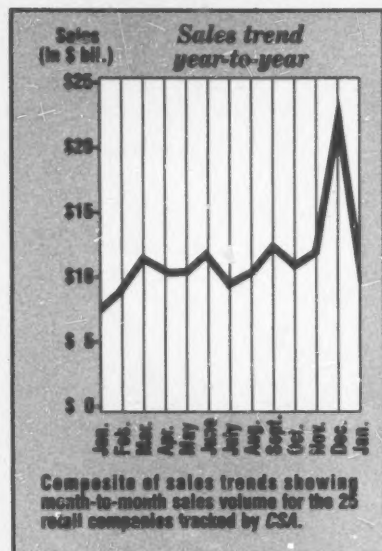
—Nanci Brickman

Fiscal year ends on a sour note

Despite the 9.2% January sales gain posted by the 25 chains tracked by *Chain Store Age*, the fiscal year ended on a sour note. When the totals are adjusted to reflect an extra selling week this January, the chains finished the year with the worst year-to-year monthly comparisons in over 12 months.

For the year ended January, sales for the 25 chains were up 10.7% over 1983. Discount and variety stores, led by Wal-Mart's 37.2% increase, marked the greatest gains. Zayre saw yearly volume up 19.5%, followed by Braintree, Mass.-based Bradlees' 18.7% jump.

Department stores turned in the



next best performance with Carter Hawley Hale at the head of the pack, posting an 18.3% gain. Dayton Hudson sales increased 15.5%; Associated Dry Goods was up 14.2%.

The Big 3 catalog chains turned in uneven results. J. C. Penney's 12.1% yearly jump outpaced both Montgomery Ward's 7.1% hike and Sears' lackluster 5.2% increase.

Among the specialists, Tandy ended the year with only a 1.7% gain, but saw January sales up 5.3%, its best year-to-year monthly comparison in six months.

Circuit City Stores, the Richmond, Va.-based electronics and major appliance specialist, bucked the trend and turned in a January gain of 49% and same-store results up 33%.

Year ends with weak January

Major chains	% change	Jan. Sales*		Stores		12-mo. sales*		% change
		1985	1984	1985	1984	1985	1984	
Sears ^{1,2}	+ 1.5	1,728,482	1,703,550	871	890	23,703,301	22,520,121	+ 5.2
Penney	+ 7.4	712,000	663,000	1,994	2,014	12,372,000	11,033,000	+ 12.1
Ward ¹	- 3.1	366,052	377,878	366	374	6,487,295	6,058,893	+ 7.1
Federated ³	+ 2.4	426,300	416,500	463	424	7,861,300	7,146,200	+ 10.0
Dayton Hudson	+ 12.7	435,951	386,780	1,137	1,082	7,586,387	6,567,807	+ 15.5
May Dept. Stores	+ 9.3	243,700	222,900	1,853	1,584	4,690,000	4,170,000	+ 12.5
R. H. Macy	+ 23.1	234,300	190,300	96	93	4,294,800	3,826,900	+ 12.2
Allied Stores	+ 24.5	234,700	188,300	596	570	3,970,500	3,675,900	+ 8.0
Carter Hawley Hale	+ 10.5	274,300	248,200	268	249	3,856,600	3,260,200	+ 18.3
Associated Dry Goods	+ 35.2	257,400	190,400	N/A	N/A	4,060,000	3,555,000	+ 14.2
Mercantile	- 8.6	89,295	97,697	79	85	1,694,142	1,610,734	+ 5.2
K mart ¹	+ 16.3	1,237,618	1,064,584	2,173	2,162	20,822,522	18,597,901	+ 12.0
Woolworth	+ 9.7	346,552	313,770	N/A	N/A	5,713,139	5,440,947	+ 5.0
Wal-Mart	+ 28.4	425,000	331,000	756	645	6,401,000	4,667,000	+ 37.2
Household Merch. ^{2,3}	+ 2.2	363,606	355,705	3,633	3,806	5,404,923	5,309,634	+ 1.8
T.G. & Y.	- 4.8	116,980	122,866	741	809	2,031,560	2,007,658	+ 1.2
Zayre ⁴	+ 21.3	146,398	120,642	847	749	3,122,100	2,613,667	+ 19.5
Bradlees	+ 8.2	79,000	73,000	132	127	1,404,000	1,183,000	+ 18.7
Murphy	- 5.4	47,097	49,799	383	403	902,145	872,151	+ 3.4
Rose's	+ 32.1	51,762	39,178	193	191	928,000	829,286	+ 11.9
Hock's	+ 1.7	23,600	23,200	126	122	465,700	444,259	+ 4.8
Jamesway	+ 51.5	26,605	17,563	85	78	475,406	416,773	+ 14.1
Melville	+ 2.4	225,104	219,882	5,894	5,734	441,637	392,142	+ 12.6
Tandy	+ 5.3	235,678	223,883	N/A	N/A	1,726,712	1,697,352	+ 1.7
Edison Bros.	- 4.0	61,900	64,500	N/A	N/A	1,053,577	1,030,181	+ 2.2
The Gap	+ 34.2	40,800	30,400	624	568	534,200	481,400	+ 11.0
Total & Averages	+ 9.2	8,313,200	7,514,611	—	—	129,971,386	117,400,438	+ 10.7

*000 omitted. N.C. = no change. N/A = not available.

¹Store number for full-line outlets only. ²Includes 2,715 franchise stores (vs. 2,785 a year ago). ³Includes Von's and T.G. & Y. sales. ⁴Includes 290 Zayre stores (vs. 275 a year ago), 401 Hill or Miss stores (vs. 356) and 156 T. J. Maxx stores (vs. 118). ⁵Excludes supermarket sales. ⁶Includes results from Sears Canada. ⁷Store count includes K mart stores only.

Jamesway expects 16% sales gain in '85

With well over half of its stores new or remodeled, Jamesway expects sales to climb about 16% in fiscal 1985.

The Northeastern chain, which has staked a claim for itself in many rural, secondary Northeastern markets, expects to report sales of \$550 million this year, compared with volume of about \$475 million in fiscal 1984. The chain hopes to do that volume in about 95 stores, compared to the 85 it operated at the close of 1984.

Fueling that sales growth will be a group of 40 stores which have already been remodeled in a "center core" layout, which the chain has taken as its new prototype. A new merchandise assortment in those 40 stores positions the chain in what it has identified as a significant new niche—between traditional discounters and upscalers.

To take advantage of that void in the market, Jamesway is beefing up

several categories, including women's apparel, ladies' large sizes, boys' apparel and home fashion merchandise. Within the past year the chain hired merchandise executives from Richway and Venture—two upscalers—to help with the re-merchandising.

Jamesway expects 1985 to be a



banner year for another reason: Others are not paying much attention to its largely rural markets. In 1984 just one discount store opened in the trade area of a Jamesway store, and for this year the company can identify at the most four possible new competitors.